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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/855,269	05/15/2001	Daniel Wise	25,067 USA	9154
7590	09/20/2005		EXAMINER	
John M. Johnson Carter Ledyard & Milburn LLP 2 Wall Street New York, NY 10005			VIG, NARESH	
			ART UNIT	PAPER NUMBER
			3629	

DATE MAILED: 09/20/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/855,269

Applicant(s)

WISE, DANIEL

Examiner

Naresh Vig

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 01 July 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-7, 10-18 and 21-47 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-7, 10-18 and 21-47 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

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DETAILED ACTION

This is in response to the correspondence received on 01 July 2005 and 28 January 2004. There are 43 claims 1 – 7, 10 – 18 and 21 – 47 are pending for examination.

Oath/Declaration

The Declaration filed on January 22, 2004 (Paper 17) received by the office on January 28, 2004 is persuasive and accepted. The information provided in Exhibit 1 on pages 3 – 4 and Exhibit 2 on pages 4 – 7 have been reviewed and accepted.

Rejection for claims 1 – 7, 10 – 18 and 21 – 47 mailed on 26 August 2004 have been withdrawn due to Declaration. However, claims 24 – 26 are objected to, and, claims 1 – 7, 21 – 26, 27 – 32, 38 – 39, 40 – 43 and 44 – 47 are rejected under 35 USC 103 as stated below.

Response to Arguments

Applicant's arguments with respect to claims 1 – 7, 10 – 18 and 21 – 47 have been considered but are moot in view of the new ground(s) of rejection.

Claim Rejections - 35 USC §101

Claims 38 – 47 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 38 – 47 only recites an abstract idea. The recited steps of merely matching a buyer of goods with a seller of goods, classifying the goods according to a pre-selected set of criteria selected by the seller, collecting information relevant to said pre-selected set of criteria from the buyer, verifying the information collected from the buyer, selecting an approved buyer, authorizing the approved buyer, determining which goods are available does not apply, involve, use, or advance the technological arts since all of the recited steps can be performed in the mind of the user or by use of a pencil and paper. These steps only constitute an idea of how to allow a seller to sell their products to selected group of buyers.

Mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention allows sellers to create pre-selected set of criteria (i.e., repeatable) and allowing approved buyers to purchase goods from sellers (i.e., useful and tangible). Although the recited process produces a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 38 – 47 deemed to be directed to non-statutory subject matter.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1 – 7, 10 – 18 and 21 – 47 are rejected under 35 U.S.C. 103(a) as being unpatentable over Liquidation.com, inc., hereinafter known as Liquidation in view of

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Food Market Exchange hereinafter known as FME and further in view of Giovannoli US Patent 5,842,178.

Regarding claims 1 – 3 and 10 – 11, Liquidation discloses that its “open technology platform integrates multiple vertical exchanges and brick-and-mortar enterprises into a single global surplus network of buyers and sellers, lowering transaction costs and achieving superior liquidity.” Liquidation’s online surplus exchange links qualified convenience of our web site. Liquidation’s method and system allows registered buyers and sellers to participate in the liquidation auctions; collects information from seller relating to the goods; classifies goods; protects seller’s sales channels by listing auctions anonymously and also by restricting auctions to specific buyers or areas; conducts background checks on all users to verify their business and their ability to conduct surplus transactions; provides search engine to buyers to find specific auctions. In addition, Liquidation provides buyers the ability to monitor open bids. In addition, Liquidation discloses that sellers have access to thousands of registered, authorized buyers, and, sellers can set restrictions for sale [pages 16, 31].

Liquidation does not disclose category selection for buyers. FME teaches system and method for online end-to-end vertical marketplace for the food industry (type of industry) where buyers and sellers of processed food and beverages, ingredients and raw materials (type of retailers) can meet and conduct business over the internet. Also, FME teaches classify food products into plurality of categories.

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Neither Liquidation nor FME disclose seller to restrict data relating to buyers that are to be denied access to the goods. However, Giovannoli teaches system and method which allows buyers and sellers to restrict data [col. 2, line 64 – col. 3, line 2].

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made modify Liquidation in view of FME as taught by Giovannoli to conduct business with appropriate vendors.

Regarding claims 4 and 12, Liquidation in view of FME and Giovannoli teaches system and method which allows sellers to list their auction on Liquidation marketplace. Sellers are required to enter their username and password (this service is only available to registered users), and, fill out the forms for the posting. Liquidation allows bidders to ask you questions about the auction. When an interested bidder poses a question regarding seller's auction listing, seller will automatically receive an e-mail message, along with a link to the answer form. Seller's answers to these questions are posted along with the auction.

Regarding claims 5 – 6 and 15 – 18, Liquidation in view of FME and Giovannoli teaches system and method which conducts background checks on all users to verify users' business and their ability to conduct surplus transactions. Liquidation does not disclose how it conducts background checks on its users. Official notice is taken that it is known to one of ordinary skill in the art that businesses perform background checks manually commercial loans, rental agreement) and/or automatically (car loan

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application, store credit card issuance) on the entities they want to conduct business with, to ensure their stability and financial condition. For example, businesses may use publicly available information (SEC filings, quarterly earnings report, news papers, magazines, county records etc.), buy reports from providers of business information like Dunn & Bradstreet, or, use privately held information (history data acquired while working with the entity). Therefore it is inherent that Liquidation has system and method it uses to verify buyer information using publicly available data, and/or, using privately held data to verify their ability to conduct surplus transactions.

Regarding claims 7, Liquidation in view of FME and Giovannoli teaches that "Liquidation has solved the problem of alerting your normal sales channels when you are selling surplus goods at a discount. Auctions are listed anonymously and can be restricted to specific buyers or areas to ensure your protection" (identification information is not disclosed).

Regarding claim 13 – 14, Liquidation in view of FME and Giovannoli teaches an online surplus market solution provider. Liquidation discloses that customers can access their system over the internet (public). Official notice is taken that it is a business choice to elect whether to have the system available to public or restrict the user to specific users only (for example a business may implement intranet for user access. eBay allows public to browse the inventory for sale, but, allows only the users who are registered with eBay). Therefore, it would have been obvious to one of ordinary skill in

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the art at the time the invention was made to restrict access to the system to prevent unauthorized use by securing the system, to restrict access to the information to the selected users etc. For example, Metropolitan Regional Information Systems, Inc. (MRIS) has a system and method which is designed to be exclusively by Real Estate professionals like Real Estate Brokers, Salespersons, Appraisers etc. [page 2]. MRIS subscribers can access the system using their private network (user dials into MRIS system using Realtor Workstation provided by MRIS). MRIS verifies the license requirements for brokers, agents etc. prior to granting them access. In addition, MRIS allows access to assistants of the real estate professionals. MRIS prohibits sharing of the system access and requires each user of the system to register with them prior to using the system. Real Estate agents require Real Estate brokers authorization for registering with MRIS.

Regarding claim 21 – 26, Liquidation in view of FME and Giovannoli teaches to provide full-service business-to-business for the exchange of surplus goods [page 9]. Liquidation discloses its users selling plurality of types of merchandise like Electronics, General Retail Merchandise, Sporting Goods, Health & Beauty, Household Goods etc. [page 10]. It would have been obvious at the time of invention to a person with ordinary skill in the art that a business can be a retailer, wholesaler, manufacturer, market-maker, supplier, value added reseller etc. In addition, FME also teaches traders, producers, agents and service providers to be users of its open market [page 7].

Regarding claims 27 and 37 – 40 and 44, Liquidation discloses to allow sellers to set restrictions for sales [page 30]. In order to place a bid, Liquidation requires the users to be registered to place the bid. Users can register with Liquidation by completing a form. The form has instructions to help users through the process. Liquidation states that “Upon completing this form, you will be sent an email from us notifying you that we have received the information and generally, within 24 hours, we will confirm your information and your Liquidation.com account will be active”. Liquidation allows buyers to conduct a search for the item they are looking for, or, browse auctions by category. After selecting the item, buyers can place bid and monitor the auction [pages 11 – 16]. Liquidation discloses that when a seller’s auctions are placed anonymously and can be restricted to specific buyers or areas to ensure seller’s protection [page 30].

Liquidation does not disclose category selection for buyers. FME teaches system and method for online end-to-end vertical marketplace for the food industry (type of industry) where buyers and sellers of processed food and beverages, ingredients and raw materials (type of retailers) can meet and conduct business over the internet. Also, FME teaches classify food products into plurality of categories. Therefore, it is known at the time of invention to restrict the use of the system to selected users to prevent unauthorized use of the information, keep the information available to limited audience etc.

Liquidation does not disclose what results it to the buyer in response to their query. However, Liquidation disclose to protect seller’s Sales Channels. Sellers can place auctions anonymously and keep the auction to restricted to specific buyers [page

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30]. Therefore, it would have been obvious at the time of invention to a person with ordinary skill in the art that Liquidation system and method protects sellers by disclosing limited results to buyers query to protect seller's Sales Channel.

Liquidation does not disclose database. However, Liquidation allows buyers to conduct a search for the item they are looking for, or, browse auctions by category. After selecting the item, buyers can place bid and monitor the auction [pages 11 – 16]. Therefore, it would have been obvious at the time of invention to a person with ordinary skill in the art that Liquidation has means and method to storing and updating data for documentation, tracking the bidding history, retrieval of data in case there was a system failure etc.

Neither Liquidation nor FME disclose seller to restrict data relating to buyers that are to be denied access to the goods. However, Giovannoli teaches system and method which allows buyers and sellers to restrict data [col. 2, line 64 – col. 3, line 2].

Liquidation teaches system and method where buyers can select a subset of sellers from whom they are willing to buy the product, and sellers can select a subset of buyers to whom they are willing to sell, a particular buyer can only be paired with a particular seller if both are willing to be paired with each other. If only one is willing, that particular pairing is ruled out [0032 – 0033].

Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made modify Liquidation in view of FME as taught by Giovannoli to conduct business with appropriate vendors.

Regarding claim 28 – 30, 41 – 43 and 45 – 47, Liquidation in view of FME and Giovannoli teaches to provide full-service business-to-business for the exchange of surplus goods [page 9]. Liquidation discloses its users selling plurality of types of merchandise like Electronics, General Retail Merchandise, Sporting Goods, Health & Beauty, Household Goods etc. [page 10]. It would have been obvious at the time of invention to a person with ordinary skill in the art that a business can be a retailer, wholesaler, manufacturer, market-maker, supplier, value added reseller etc. In addition, FME also discloses traders, producers, agents and service providers to be users of its open market [page 7].

Regarding claim 31, Liquidation in view of FME and Giovannoli teaches sellers can place auctions anonymously and keep the auction to restricted to specific buyers [page 30].

Regarding claim 32, Liquidation does not disclose how it qualifies buyers who match seller's search criteria. However, Liquidation in view of FME and Giovannoli teaches system and method to protect seller's Sales Channels. Sellers can place auctions anonymously and keep the auction to restricted to specific buyers [page 30].

Therefore, it would have been obvious at the time of invention to a person with ordinary skill in the art that Liquidation in view of FME and Giovannoli teaches system

and method to disclose auction information to buyers who meet seller's search criteria to protects seller's identity and Sales Channel.

Regarding claim 33, Liquidation states that "Auctions are listed anonymously and can be restricted to specific buyers or areas to ensure your protection" [page 30].

Regarding claim 34, Liquidation discloses to market sellers goods to thousands of their authorized buyers worldwide. Liquidation does not disclose how it qualifies buyers who match seller's search criteria. However, Liquidation in view of FME and Giovannoli teaches system and method to protect seller's Sales Channels. Sellers can place auctions anonymously and keep the auction to restricted to specific buyers [page 30].

Therefore, it would have been obvious at the time of invention to a person with ordinary skill in the art that Liquidation in view of FME and Giovannoli teaches system and method to disclose auction information to buyers who meet seller's search criteria to protects seller's identity, Sales Channel, meet export/import restrictions etc.

Regarding claim 35, Liquidation states that "Auctions are listed anonymously and can be restricted to specific buyers or areas to ensure your protection" [page 30].

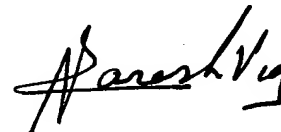
Regarding claim 36, Liquidation discloses to market sellers goods to thousands of their authorized buyers worldwide. Liquidation does not disclose how it qualifies

buyers who match seller's search criteria. However, Liquidation disclose to protect seller's Sales Channels. Sellers can place auctions anonymously and keep the auction to restricted to specific buyers [page 30]. Therefore, it would have been obvious at the time of invention to a person with ordinary skill in the art that Liquidation system and method to disclose auction information to buyers who meet seller's search criteria to protects seller's identity, Sales Channel, meet export/import restrictions etc.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Naresh Vig whose telephone number is (571) 272-6810. The examiner can normally be reached on M-F 7:30 - 6:00 (Wednesday off).

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John Weiss can be reached on (571) 272-6812. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Naresh Vig
Examiner
Art Unit 3629

September 16, 2005